

County Agricultural Investment Program: 2016 STANDARD GUIDELINES



*The **County Agricultural Investment Program (CAIP)** offers ten investment areas that give Kentucky agricultural producers the ability to increase net farm income, add value to their products, and diversify their operation. CAIP benefits and enhances agriculture across the state by stimulating markets for Kentucky agricultural products.*

Questions concerning these guidelines should be directed to the Governor's Office of Agricultural Policy at (502) 564-4627. Applications to administer CAIP must be directed through the local County Agricultural Development Council(s).

Funded participants shall adhere to all local, state, and federal rules and regulations.

I. Application Guidelines

A. Organization Eligibility

1. The local agency, which may include regional agencies, must be:
 - a. composed of three (3) or more individuals
 - b. registered and in good standing with the Secretary of State's Office (Exceptions: Conservation Districts & Fiscal Courts)
 - c. bonded
 - d. have a federal tax id number
 - e. willing to administer the full responsibilities of the program, including random, periodic site visits
2. A copy of minutes or other documentation from the administrative entity that includes the following:
 - a. specific individuals responsible for administering and reporting on the program
 - b. signatory authorization of the authorized representative to sign legal agreements on behalf of the administering entity
 - c. designate individuals on the scoring committee
3. The program administrator shall identify two co-signers for the purpose of signing checks and disbursing funds from the program's account. One identified signer shall be bonded and documentation of bonding or appropriate insurance shall be submitted with either the application or the signed Legal Agreement.
4. The organization must be in good standing with GOAP and not have been suspended from administering programs by GOAP within the last 12 months.

B. Requests to Administer CAIP

1. The *County Agricultural Investment Program (CAIP)* application, including cover sheet and all other documents specified in the application, must be submitted for new program requests. Additionally, a *CAIP Prioritization Sheet* that has a minimum of five original signatures and a priority designated shall be submitted by the County Agricultural Development Council.

Requests for additional funds, within the terms of the original agreement, require the *Amendment Request Form*, the *CAIP Prioritization Sheet* and a *letter explaining the need for this request*.

2. All applications and amendment requests are due to the Governor's Office of Agricultural Policy (GOAP) office by the last Friday of the month, unless otherwise noted due to office closings.
3. Agricultural Development Funds contributed to the CAIP cannot exceed 50%, unless the program administrator or the County Council determines that a reduced match is needed for this program.

The Council may approve a reduction in the producer's cost-share for this program to an amount **no less than** 25%. This decision and the cost-share percentages shall be indicated on the *CAIP Prioritization Sheet* that is submitted.

II. Administrating Entity's Responsibilities

A. Administrator Requirements

1. An administrating entity shall be made up of three or more individuals, with at least two co-signers for the purpose of signing checks and disbursing funds from the program's account.
2. **Scoring Committee:** Each producer application shall be scored by three or more individuals from the administrating entity.
 - a. Less than 50% of the committee members may also serve on the county agricultural development council. (e.g. 3-person scoring committee, only 1 could be a county council member)
 - b. Cooperative extension agents shall not score applications
3. One or more local agencies may combine administrative functions to create more efficient program administration.
4. **2016 Required Training:** The individuals of the administrating entity who are responsible for daily management of the program, including funds disbursement and reporting, shall participate in a training session with GOAP staff **prior to execution of a new legal agreement**. Training may include any one of the following hosted by GOAP staff:
 - a. Regional workshop
 - b. One-on-One Consultation
 - c. Recipient Orientation
 - d. Other comparable training session, as approved by GOAP staff

B. Fiscal Requirements

1. The program administrator shall ensure that commingling of Kentucky Agricultural Development Funds (KADF) with other funds does not occur. The KADF program funds shall reside in a unique and separate bank account from any other account.
2. Administrators who are the fiscal agent for multiple counties shall keep one account per county.
3. If funds set forth in the agreement between the Agricultural Development Board and the administrator are not completely utilized within the term of the Legal Agreement, remaining funds including interest and unused administrative funds shall be returned to GOAP for redeposit into the county's account.

Checks shall be made payable to the **Kentucky State Treasurer** and mailed to the Governor's Office of Agricultural Policy/404 Ann Street/Frankfort, KY 40601. (include application number in the memo section)

4. Reporting shall be submitted regarding funds expended according to section V. Reporting Requirements.

C. Legal Agreement

1. Legal Agreements between the program administrator and the Agricultural Development Board shall be for a term no longer than 12-months from the execution date of the Legal Agreement. There will be no renewals or extensions of this Legal Agreement.
2. A Legal Agreement is executed once signed by an authorized representative of the Kentucky Agricultural Development Board.

D. Advertising & Promotion of Program Availability

1. Local CAIP advertising and producer sign-ups shall not occur prior to the execution of the Legal Agreement.
2. After receiving a copy of the executed Legal Agreement, there shall be a minimum of three consecutive weeks of advertising and promotion.

For example, when the administrator receives a copy of their executed Legal Agreement they may begin advertising for sign-ups. If the first advertisement/announcement runs January 15, then advertising and promotion of the program continues through at least February 5.

3. Advertising & promotion is required for each sign-up period.
4. A minimum of two forms of promotion shall prominently display when and where producer sign-ups will occur. This may include, but not be limited to a newspaper advertisement, Facebook, extension newsletter, website, posted flyer or other promotion method.
 - a. The methods chosen in each county should provide the broadest coverage to reach the most producers.
 - b. Proof of promotion shall be submitted with the 6-month report to GOAP.
 - c. Press releases sent by GOAP do not fulfill this advertising/promotion requirement.

E. Producer Application Availability

1. Following execution of the legal agreement, producer applications shall be made available to producers for a minimum of 15 business days.
2. The application period may coincide with the advertising & promotion period.
3. **Access to producer applications shall not be tied to attendance at a meeting.**

F. Fund Acknowledgement

1. There shall be an acknowledgement in any grants awarded, publications, brochures, articles, advertising, correspondence or promotional material that a portion of the funding for this project was provided by the Kentucky Agricultural Development Fund. Copies of said publications, brochures, etc. shall be kept on file with the administrator.
2. The KADF logo is available for usage when advertising the County Agricultural Investment Program (CAIP) - <http://agpolicy.ky.gov/Pages/KADF-Logo.aspx>.

III. Administrative Expenses

1. All CAIPs shall have a 5% limit on all administrative funds. Any remaining unused administrative funds shall be returned to GOAP and credited to the county account for future programs.
2. Administrative Funds are intended to pay expenses related to administering the CAIP. Funds shall not be used for unrelated expenses. GOAP reserves the right to request proof of expenses.
3. CAIP administrative expenses may be used for:
 - a. Promotion of program availability;
 - b. Cost of bonding;
 - c. Processing of producer applications;
 - d. Processing of producer payments;
 - e. Program compliance activities;
 - f. Completion of reporting forms;
 - g. Opening and/or maintaining a checking account related to CAIP.

If you have questions concerning approved administrative expenses, please contact GOAP.

IV. Producer Application and Reimbursement Procedures

A. Producer Application

1. The Universal Producer Application developed by the Kentucky Agricultural Development Board shall be used by all CAIP administrators.

2. Additional questions from the pre-approved list may be incorporated into the Universal Producer Application at the county's discretion.

Additional questions must be submitted with the local agency's application to administer CAIP and agreed upon by the local county council when completing the *CAIP Prioritization Sheet*.

3. The Universal Producer Application must be signed and dated by the producer and include the initials of the person accepting the application.
4. A Universal Producer Application from an individual without a Social Security Number (SSN) and Farm Serial Number (FSN) will be considered **incomplete**.

Tenant farmers or those leasing land where capital construction improvements will be located may be asked to provide a redacted copy of their Schedule F and written approval from the land owner or an FSA-578, giving permission to use the owner's FSN and granting access to the cost-share item(s) (a minimum of five years for capital improvements).

5. A statement regarding the understanding of requirements by the producer and verification of the producer's total cost-share awarded under this program shall be included with the application. The **Producer Certification Form** (Appendix C) must be included in the Universal Producer Application for this program.

B. Application Submission

1. Deadlines shall be established for Universal Producer Application submission and reimbursement of eligible expenses, so that producers have a timeframe to implement their projects. Should a producer fail to meet the reimbursement deadlines, cost-share funds shall not be provided.
2. The Universal Producer Application shall be submitted to, scored and approved by the program administrator before a producer may receive reimbursement for any costs incurred.
3. All administrators shall use the scoring system and must establish a minimum score*, submitting that minimum score on the *CAIP Prioritization Sheet*. All applicants requesting funds shall complete the CAIP Producer Application and receive a score.

Counties that choose to pro-rate all approved applications must use the minimum score submitted on the *CAIP Prioritization Sheet*. Only the number of applications that are at or above the minimum score shall be used to calculate the pro-rated amount to award.

**The statewide minimum score is 44, but may be raised if a county so chooses.*

4. In the event that a tie breaker is needed – the following are **not** eligible to use in “breaking ties”:
 - a. Alphabetical
 - b. Date/Time stamp
 - c. First come – First serve
 - d. Lottery drawing

Please contact the GOAP if you have questions regarding how and when to break ties.

Administering entities that choose to pro-rate tied applications should establish procedures prior to accepting applications.

2. The program shall be open to all county producers and shall not be tied to participation in any organization.
3. Administrators shall not reject an application based on the applicant's residency. Administrators shall accept an application if the applicant's farm is located in the county and the cost-share will be used in the county, even if the Farm Serial Number (FSN) is registered in another county.

C. Decision Notification

1. After scoring is completed and any necessary verifications made, administering entities shall notify all applicants, in writing, if their submitted applications were approved, denied or put on a waiting list.
2. The KADF letterhead template shall be used when communicating with all applicants.
3. A copy of all correspondence shall be kept on file.

D. Disbursement of Funds

1. Funds disbursed to producers will be on a reimbursement basis, upon completion of the project.
2. Approved producers shall submit the Producer Report associated with the investment areas being cost-shared, **before** reimbursement funds are received.

These Producer Reports are for the Administrator to use in filling out the reports for the program and to maintain on file.

3. Site visits prior to disbursement of funds for new capital construction projects are encouraged.
4. Each producer who receives \$600 or more shall be supplied an IRS form 1099 or equivalent tax accounting documentation. The program administrator is responsible for distributing the necessary tax information.
5. The program administrator may choose to approve eligible cost-share expenses for reimbursement on a retroactive basis. However, this retroactive date shall not exceed six (6) months prior to the execution of the Legal Agreement for this program.
6. CAIP funds received shall be used for improvements on the land assigned to the Farm Serial Number (FSN) provided on the producer's application, independent of the county in which the FSN is registered.

V. Reporting Requirements & Compliance

1. GOAP will conduct compliance visits throughout the state to ensure that proper procedures and guidelines are being followed.
2. **Reporting: Semi-annual reporting**, which includes the **CAIP Summary** and **Producer Detail Report**, is required of the program administrator every six (6) months after the execution date of the Legal Agreement. Reporting forms can be downloaded from http://agpolicy.ky.gov/funds/program_reporting.shtml. These reporting forms shall be completed in its entirety and submitted electronically to govkyagpolicy@ky.gov.

A **Final Report** is due 60 days after the term of the Legal Agreement. This includes, but is not limited to, the **CAIP Summary** and the **Producer Detail Report** for any payments made since the last submitted report. Copies of cancelled checks issued to producers shall be submitted at the completion of the program. Administrators shall maintain all administrative records for this program for a period of seven (7) years.

3. The **Close-out** of this agreement may occur when the above is completed and verified, and any programmatic data due from producers is submitted by the program administrator. A completion letter and a list of paid producers will be mailed to the administrative representative and to the chairman of the County Agricultural Development Council.
4. Final reports shall be submitted prior to execution of a new Legal Agreement for subsequent CAIPs in the county/by the administrator. (Submittal of copies of cancelled checks will not delay execution of a new Legal Agreement)
5. Investment Area guideline compliance and reporting of expenditures are essential to gauging the impact and continuity of the program. Therefore, CAIPs may be audited on a random basis. The administrator shall be asked to produce all documents pertaining to individual producers who participate in this program, as well as other appropriate financial documents related to this program's account.
6. Administrators who fail to comply with the program guidelines, or who are delinquent in reporting, may be placed on a "watch list," "probation," or "suspended." Administrators who are "suspended" will no longer be eligible to administer Kentucky Agricultural Development Fund programs/projects.

GOAP Compliance & Monitoring Policies are available on-line at <http://agpolicy.ky.gov/>.

VI. Producer Guidelines & Responsibilities

The County Administrative Entity and/or the County Administrator reserves the right to request or require additional documentation to verify information provided in producer's application.

Confirmation of fraudulent information will result in disqualification for future participation.

Funded participants shall adhere to all local, state, and federal rules and regulations.

Any application that does not meet eligibility requirements will not be scored.

A. Eligibility Requirements

Only one application per operation will be considered for funding. An operation for the purpose of this program is defined as follows:

1. HOUSEHOLD

- a. Only one individual per household is eligible to receive CAIP funds within a program year. If applicable, proof of residency may be requested to verify that multiple individuals within the same household are not applying.
- b. Residency is determined by a valid Driver's License or photo ID and one utility bill. The address on both the ID and utility bill must match the address provided on the CAIP application. A copy of both shall be placed in the file with the application.

2. TENANT/OWNER

- a. Tenant farmers are required to obtain written permission from the landowner to use the landowner's FSN on a CAIP application. Written permission must be submitted with the application to be eligible.
- b. **Limitations** for Tenant/Owners that both apply for CAIP:
 - i. In the event a tenant secures written permission from the landowner and both apply for CAIP, the tenant farmer and landowner are prohibited from applying for funds **within the same Investment Area** within the same program year.
 - ii. A tenant farmer and a landowner are both eligible to apply with separate FSNs; however, both may not receive funds within the same Investment Areas of CAIP.

3. PRODUCER DEFINITION

- a. A producer is defined by use of **Social Security Number (SSN) and Farm Serial Number (FSN)**. Both shall be provided when applying. Once the Social Security Number (SSN) or Farm Serial Number (FSN) is used, neither are eligible to be used again once annual limit is reached.

[Example: SSN – 123-45-6789 combined with FSN – 4567, would discontinue the eligibility of both the SSN and FSN.]

VI. Producer Guidelines & Responsibilities (cont.)

(3. Producer Definition, cont.)

- b. Producers who intend to take part in the program shall supply a Social Security Number (SSN) and Farm Serial Number (FSN) to receive payment. Both of these numbers must be supplied to the Kentucky Agricultural Development Board.

The Kentucky Agricultural Development Board recognizes every applicant's right to privacy and understands its obligation to keep applicant/producer information confidential. Any information provided to the Kentucky Agricultural Development Board or Program Administrator on individual producer applications for CAIP, such as the applicant's Social Security Number and Farm Serial Number, will be kept confidential by authority of the Kentucky Agricultural Development Board as granted in KRS 248.701 to 248.727 and by KRS 61.878. The Kentucky Agricultural Development Board does not disclose any nonpublic personal information regarding applicants/producers, past or present, except as permitted or required by the Kentucky Open Records Act, KRS 61.870 to 61.884 or other law(s).

- c. Producers must be 18 years of age or older at time of application to apply for CAIP funds.

B. Cost-Share Reimbursement

1. Funds disbursed to producers shall be on a reimbursement basis, **upon completion of the project.**
2. A producer is eligible for up to the county's maximum cost-share per producer limit not to exceed \$5,000. Producers shall not receive more than \$5,000 statewide per producer per program year (program year is defined by the year the application is approved by the Kentucky Agricultural Development Board).
3. In the event that it is determined that a producer has received more than \$5,000 in a program year, then the producer will be asked to return the amount over \$5,000 to the last county that reimbursed the producer.

If the producer fails to reimburse the amount over \$5,000, then the producer is ineligible to receive further CAIP funding (statewide) until repayment is made.

4. The producer shall supply a dated receipt indicating buyer and seller information, along with a description of the item(s) purchased in order to be eligible for payment.
Payment shall only be made for eligible cost-share items.
5. **NO CASH PURCHASES**
6. Approved producers shall submit the Producer Report associated with the program/investments being cost-shared, **before** reimbursement funds are received.
7. **Deadlines:** Should the producer fail to use approved funds by the program administrator's reimbursement deadline, said funds shall be reallocated to the next eligible applicant time permitting.

VI. Producer Guidelines & Responsibilities (cont.)

C. Exclusions

1. Reimbursements for purchases, including labor, from the producer's immediate family (e.g. father/mother, son/daughter, brother/sister, etc.) are not eligible.
2. Cost-share shall not be provided for items traded or sold between producers who share interest in a farm operation. This includes the use of a third party to buy/sell the same items amongst the producers.
3. Documented hired labor is an eligible cost-share item; however, reimbursement will not be awarded for labor provided by the producer's immediate family.
4. **Beginning in 2010**, all transport equipment was removed as eligible cost-share items from all investment areas. This exclusion includes trailers, wagons, and carts with the primary function of transportation.
5. **Beginning in 2012**, all fertilizer, pesticide, herbicide, and soil amendments (excluding lime) were removed as eligible cost-share items from all investment areas.

D. Educational Requirement

1. Participation in CAIP requires the applicant to complete a minimum of one (1) educational component prior to the disbursement of funds related to farm management, production, best management practices or marketing. Examples of types of sessions include workshops, seminars, field days, university sanctioned on-line courses, webinars, etc.
 - a. Administering entity shall consult with the county council, cooperative extension, conservation and others when determining if a session meets this requirement.
 - b. Documentation of attendance is required and the session must not have been submitted to meet the CAIP education requirement for a prior year.
 - c. Cost-share payments shall not be issued to producers before the educational requirement has been met. *Educational component may be attained anytime prior to disbursement of funds, but no more than 6-months prior to date of application.*
2. **Exclusions** – the following do not satisfy the above educational requirement:
 - a. Attendance at an informational meeting to review updated guideline changes and discuss the producer application
 - b. BQA or other prerequisite for eligibility within a specific Investment Area

E. Capital Improvements – *Equipment, Fencing, Farm Structures*

1. Producers shall maintain ownership of the property for five years past the participation date in the program.
 - a. Should a producer fail to maintain ownership of property for the entire 5-year period, administrators shall request a return of funds on a pro-rated basis.

VI. Producer Guidelines & Responsibilities (cont.)

- b. Emergency early release is possible in the case of death, illness, physical inability or transfers within immediate family and must be approved by the local administrative entity and documentation kept on file for future reference.
 - c. Failure to return funds will result in the
 - d. producer being ineligible to receive additional Kentucky Agricultural Development Funds until repayment is made.
 - e. Administrators shall provide producers failing to meet the ownership requirement a written notice, giving a minimum of 30 days to repay the pro-rated amount.
- 2. **Producers shall retain adequate insurance coverage**, if applicable, to replace any and all capital improvement/equipment projects funded with Kentucky Agricultural Development Funds.
- 3. Tenant farmers or those leasing land where capital construction improvements will be located may be asked to provide an FSA-578 or a redacted copy of their Schedule F and written approval from the landowner, giving permission to use the owner's FSN and granting access to the cost-share item(s) for a minimum of five years.